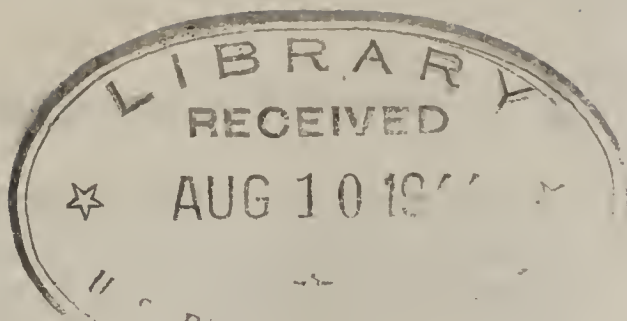


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REPORT OF THE CONSUMERS' COUNSEL, 1940

UNITED STATES DEPARTMENT OF AGRICULTURE,
CONSUMERS' COUNSEL DIVISION,
Washington, D. C., August 31, 1940.

Mr. MILO PERKINS,
Director of Marketing,
U. S. Department of Agriculture, Washington, D. C.

DEAR Mr. PERKINS: I submit herewith report of Consumers' Counsel Division to the Secretary for the fiscal year 1940.

Respectfully submitted,

D. E. MONTGOMERY,
Consumers' Counsel.

UNITED STATES DEPARTMENT OF AGRICULTURE,
SURPLUS MARKETING ADMINISTRATION,
Washington, D. C., August 31, 1940.

HON. HENRY A. WALLACE,
Secretary of Agriculture.

DEAR Mr. SECRETARY: I present herewith the report for the Consumers' Counsel Division for the fiscal year ended June 30, 1940.

Sincerely,

MILO PERKINS,
Director of Marketing.

The farmers' stake in consumer welfare parallels the Nation's stake in farm welfare. There are two wheels to a cart; unless both are in working condition the cart can't bring products of the farm to town or carry back city products to the farm. Farmers have a stake in consumer welfare because agriculture depends upon purchasing power in the hands of consumers, both urban and rural, to provide a market for farm products. The incomes and expenditures of consumers are the sources of farm incomes. The productivity of nonfarm consumers, on which their incomes depend, yields the goods and services which industry exchanges with agriculture for farm products.

How much consumers contribute to farm welfare rests on their ability to buy farm products. Great differences exist between per capita consumption of upper- and lower-income families. Underconsumption of foods by the latter is perhaps the most serious of farm problems. If all families could enjoy freely chosen diets of a kind that could be rated "good" nutritionally, consumers would need 15 to 20 percent more dairy products, 35 percent more eggs, and 70 to 100 percent more of citrus fruits and certain vegetables.

The ability of the majority of consumers to buy the farm products they need hinges not only upon their incomes, but upon their ability to purchase these products at lowest possible cost. Food expenditures are the most necessitous in their cost of living. In 1935-36 the lowest third of American consumers spent 50 percent of their income for food, but even with that outlay they contributed only 18 percent to the Nation's total of food purchases. Forty-five million consumers, it is estimated, were getting diets that were below the safety line for good nutrition and protection of health.

The cost of processing and distributing farm products is a large part of the cost of food to consumers, amounting on the average to one and a half times as much as is paid for the products at the farm. The services of distribution are a major item of cost. After fresh fruits and vegetables arrive at the retail store the costs which they have incurred up to that point, including farmers' returns, are increased about 50 percent before they pass into the possession of consumers. A quart of milk for which the farmer received 5 or 6 cents may vary in cost to the city consumers by as much as 3 cents, depending on how it is delivered, or by whom. Extra butterfat in fluid milk may be sold to consumers at a rate of several dollars per pound. Wheat for which the farmer has received 60 cents a bushel may sell to consumers as high as \$20 a bushel after passing through a simple processing, but elaborate merchandising, operation. American cheese, variously processed and packaged, can range in cost to consumers from 17 to 54 cents a pound in the same store. Faced with such possibilities, the consumer who is forced by necessity to buy food from farmers at lowest possible cost needs skill and guidance. The farmer has a stake in the ability of that consumer to solve his purchasing problems successfully.

Farmers have another stake in consumer welfare, their own consumer interest. They are food consumers, too. Not only does the average farm's expenditure for living purposes account for more than half of its total outlay for living and productive operations, but, as with the city family, its expenditure for purchased foods is the largest single item in the budget. Sixteen percent of the total outlay of the average farm is estimated to have been spent for purchased food in 1935-36. Second to food was purchased clothing which accounted for 9 percent, followed by feed, seed, and fertilizer purchases accounting for 8 percent. Like city families again, farm consumption of many kinds of foods would be much greater if all farm families were able to enjoy a diet above the safety line. About 25 percent of the nonrelief farm families do not enjoy that diet. If they did, they would consume each year, among other things, half a billion gallons more of milk, nearly a billion pounds more of tomatoes and citrus fruits, and two and a half billion pounds more of various vegetables.

On all of these considerations any assistance given to consumers to help them get the food they need, the kind they want, in the way they want it, contributes not only to their welfare but to the welfare of agriculture also. Agricultural policies which seek by all means to widen the domestic markets for farm products and to encourage better distribution of those products promote alike the welfare of American farms and American consumers. To serve these ends is the purpose of the Consumers' Counsel in its activities within the Department and its services to consumers.

THE YEAR FOR FOOD CONSUMERS

During the fiscal year 1940 retail prices of food advanced on the average about 4 percent, and the entire cost of living about 2 percent. Quantities of foods available for domestic consumption were on the whole greater than in the year before. Indexes of income payments, indicative of the money which consumers have to spend for foods, were higher at the end than at the beginning of the year, increasing more rapidly in the 12 months than the average cost of foods at retail.

Average retail food costs reported by the Bureau of Labor Statistics in June 1940 were 5 percent higher than a year earlier, and in July 1940 were 3 percent higher than the year before. In July food was costing consumers more than in most months of 1939 and 1940, but less than in 1935, 1936, 1937 and through most of 1938.

Of the major food divisions dried fruits advanced most during the year, costing 12 percent more in July 1940 than a year earlier. Dairy products advanced 7.6 percent during the same interval, followed by a rise of 5.3 percent for fresh fruits and vegetables and 3.6 percent for cereals and bakery products. Among individual items, significant changes occurred in the price of canned pink salmon, which went up 24 percent; apples, 22 percent; wheat flour, 18 percent; dried navy beans, 14 percent; canned red salmon, 13 percent; prunes, 11½ percent; and butter, 11 percent. Significant decreases occurred in lard and cured pork products, which were some 8 to 14 percent lower in July 1940 than a year earlier. Potatoes and cabbage were approximately 10 percent cheaper.

A sharp advance in many food prices occurred upon the outbreak of war in September 1939. Some of these maintained throughout the fiscal year the higher level which was then reached, but many of them proved to have been stimulated by expectations which were not borne out, and by the end of the year prices of the latter were again close to their August level. Most spectacular in its wartime advance was the retail price of sugar. Led by a rise in the speculative markets, by the increased wholesale price which sugar refiners announced, and by rumors and alarms in the retail trade, consumers made emergency purchases of sugar which soon cleaned the shelves of retail and wholesale establishments. Increases of as much as 5 cents a pound were reported in numerous localities, while the average retail price in mid-September was 1.2 cents higher than in mid-August. Prompt release of quota restrictions by the Government brought the true supply situation to light and sugar prices began to go down, but it was not until May 1940 that retail prices were back to their pre-war level. Meanwhile, it is estimated, consumers had paid about 42 million dollars more for the sugar which they bought than they would have had to pay if the war-scare inflation had been avoided. Producers of sugarcane and sugar beets received only a small part of the extra sum paid by consumers during this period.

It is of interest to record that although sellers of sugar and holders of inventories had publicly criticized throughout the first part of the year the Secretary's estimate of 1939 quota supplies needed to meet consumers' needs on the ground that it was excessive, price depressing, and injurious to producers' interests, the developments after September 1 indicated, on the contrary, that the limitation of supplies of that year was, if anything, in favor of producers. As finally developed, the total

actual distribution of sugar amounted to 6,870,491 short tons, raw value, as compared with the quotas of 6,755,386 tons which were in effect prior to the suspension by Presidential proclamation on September 11, 1939. An additional quantity of 600,000 short tons was taken by the trade during the period of quota suspension and added to stocks on hand.

The advance in average retail prices of foods over the 12 months appears to have been matched by an equal advance in the farm price of these foods. For a list of 58 foods, the margin between farm prices and retail prices was the same in July 1940 as in the preceding July. The percentage gain in average price to farmers was therefore greater than the percentage increase of cost to consumers. Increase between July 1939 and July 1940 in the farm value of typical family food supply was 6.6 percent.

Estimated total income payments in July 1940 were 7 percent greater than in July 1939. Income payments to the nonagricultural population are estimated to have increased 6½ percent, while the net income available for farm families and farm labor is estimated to have gone up nearly 9 percent. Income of industrial workers during the same period advanced almost 14 percent.

Per capita consumption of meats and poultry during the year was larger than during the two preceding years and almost equal to the 1925-29 average. Per capita consumption of dairy products was also increased over earlier years and was much larger than in 1925-29. Consumption of fresh, canned, and dried fruits and fresh and canned vegetables was larger than in the preceding year and was substantially greater than in the years 1925-29. Consumption of potatoes and wheat, however, was below average and below recent years. The decrease in potato consumption was due to a small crop whereas that in wheat reflected a shift in consumption habits. Total per capita consumption of all foods in 1939-40 was larger than the 2 preceding years and larger than the 5-year predepression average.

Throughout the depression agricultural production was maintained close to predepression levels, while the index of industrial production declined 40 percent from the 1924-29 average. However, during the fiscal year 1940 industrial production moved up rapidly, and by July 1940 was far ahead of agricultural production compared with the averages for the 1924-29 period. While production of farm products in the year 1940 is expected to exceed the earlier period average by 8 percent, industrial production by the middle of the year was already 27 percent above the average for those years and was advancing rapidly. Reflecting in part these changes in the relationship of industrial and agricultural production, farm prices on the whole moved four points closer to parity from July 1939 to July 1940 and five agricultural products, cattle, calves, lamb, wool, and Maryland tobacco, were bringing farm prices higher than parity.

The fact that increased incomes of consumers during the year absorbed a larger supply of foods and paid farmers a higher average price for farm products as a whole turns attention to the further expansion of consumer incomes which is expected to result from a further substantial increase of industrial activity. For farm and city consumers alike, the real measure of their family welfare is not the incomes they receive and the prices they pay, but is the quality and quantity of goods and services they obtain for consumption.

Only as expanding income, whether of the individual or of the nation, is reflected in consumption of greater quantities or better qualities of goods for use does it contribute to real income. Meats, dairy products, fruits and vegetables, and eggs will feel most noticeably this stimulation of increased demand. These, too, are the products most needed to raise the diets of low-income families to a level that is consistent with genuine prosperity and national well-being. Larger quantities of all of them would find a place in the American market if prosperity is reflected in gains to consumer well-being.

CONSUMERS' COUNSEL ACTIVITIES

From 1935 Consumers' Counsel functioned as a Division of the Agricultural Adjustment Administration, its duties and responsibilities having been defined in a general way as advisory to the Administrator with respect to consumer aspects of the farm programs, and as informational to the public concerning the effect and operation of those programs. In January 1940 the Secretary, by administrative order, placed Consumers' Counsel activities under the general supervision of the Director of Marketing, who, as personal representative of the Secretary, is responsible for coordinating the marketing, distribution and regulatory work of the Department. During the year also the responsibilities of Consumers' Counsel were given more definite form, specifying those aspects of farm programs on which recommendations should be made to the Secretary from the consumer point of view. In its public relations function, the Consumers' Counsel office is defined as an integral unit of the Department furnishing information to consumers on decisions arrived at in administration of the farm programs without obligation or authority to report to the public on the exercise of its advisory function with respect to those programs. At the end of the fiscal year transfer to the new status is still in progress since the advisory function of the office on designated aspects of the farm programs is not yet in full operation. Revision of the scope and circulation of Consumers' Guide, effected during the year, is discussed on page 7 in connection with informational services.

Activities of Consumers' Counsel described in previous annual reports with respect to agreements and orders for milk, fruits, vegetables, and specialty crops and with respect to quota determinations under the Sugar Act continued through the fiscal year 1940. With respect to milk-marketing regulations, consumers during the year have demonstrated a gratifying increase in readiness and ability to take active part. This is discussed more fully below.

Nineteen public milk hearings were held during the year and a representative of Consumers' Counsel was in attendance at 11. Simultaneous hearings and pressure of other duties made it impossible for the Consumers' Counsel to be represented at others.

Programs incident to the regulation of fluid milk markets are effective in 27 areas. Increasing familiarity with the procedures of Federal milk market regulation and with the mechanics of milk marketing on the part of consumers has resulted in considerable increases in the demands made upon this office for information and technical assistance.

The Division participates as an entity within the Administration in the conduct of the regulatory programs for milk and fruits and

vegetables through its attendance at hearings, its analysis of the record of such hearings, and in the submission of recommendations for action by the Secretary.

With respect to milk the Consumers' Counsel Division has made its analyses and based its recommendations upon the following principles: First, that the program can work toward a more efficient handling of milk; second, that it is a responsibility of the Division to encourage regulation of this character and to discourage regulation which overlooks such a possibility; and third, that it is a responsibility of the Division to encourage fixing prices paid to producers at levels which will maximize returns from milk used in surplus classes and will stimulate greater consumption of fluid milk, and to discourage the establishment of price levels which tend to result in the creation of unnecessary surplus.

Consumers' Counsel's first concern with respect to marketing agreements for fruits and vegetables is that the supplies which are shipped during a season be not less than the quantities consumed in past years and that these quantities be increased as rising national income enables consumers to buy larger quantities of these foods at prices remunerative to growers. Consumers' Counsel is concerned also that such limitation of supplies as marketing agreements bring about should not bear solely upon the cheaper sizes and grades which low income consumers are more likely to find within the reach of their purse. The Division is concerned also with the necessity for better marketing facilities for fruits and vegetables after they reach their destination. It has participated actively with producers in one market to bring about an improvement of internal market facilities and has obtained the active participation of consumer groups toward the accomplishment of that result.

The Division has also assisted in the preparation of relief milk programs through contacts and conferences and by furnishing information to interested groups. Such programs were inaugurated during the year in Chicago and New Orleans and continued to operate in Boston. Penny milk in schools was introduced on an experimental basis in Chicago.

A representative of the office assisted consumers and participated in hearings on food standards conducted by the Food and Drug Administration during the fiscal year. Consumers' Counsel is represented on the interdepartmental committee on interstate trade barriers and assisted a consumer organization which participated in presentation by that committee of testimony on trade barriers before the Temporary National Economic Committee. At the close of the year the services of the Division had been requested to assist the consumer member of the National Defense Advisory Commission on food prices.

INFORMATIONAL SERVICES

The creation of machinery through which the interests of different groups can be expressed is not sufficient to achieve democratic operation of laws. In addition, there must be an informed and participating public opinion. To achieve this it is necessary to make available to people with different economic interests information on the relation of their interests to others, on the nature of the problems each creates, on the programs agreed upon for resolving those problems,

on the limitations of those programs, and on the responsibility of citizens toward both the problems and the programs.

A necessary complement to the efforts of the Consumers' Counsel to represent the interests of consumers in the operations of the agricultural programs is the dissemination to consumers of information of a general and specific character on the problems of farm production; the purposes and methods of soil conservation programs; the operations of marketing control devices and of diversion and surplus removal programs; the relation of nonfarm income and purchasing power to the income and purchasing power of the farm population; the interrelation of urban and rural interests involved in the operation of the programs; governmental and nongovernmental efforts made in connection with the programs to harmonize those interests. Such educational efforts promote a community of understanding between producers and consumers of farm products and assist in the development of responsible and informed consumer organization, representation, and participation to the end of assuring democratic administration of the agricultural programs.

CONSUMERS' GUIDE

Consumers' Guide was created in 1933 to serve as one medium through which such information might be disseminated to consumers. It is a 16-page illustrated periodical, published the first and fifteenth of each month between October and May, and once a month from June through September. It has been published continuously since September 1933 except for two periods: During 5 weeks following the decision of the United States Supreme Court of January 6, 1936, which brought to an end the production control programs for basic agricultural crops and the processing taxes on those crops; and during the three months from November 15, 1939, to February 15, 1940, when the scope and distribution of Consumers' Guide were under reconsideration. With authorization of the Director of the Bureau of the Budget, the scope of Consumers' Guide was redefined as embracing material dealing with the authorized activities of the Department of Agriculture as a whole, and barring material related to the activities of other agencies of Government. An increase in the number of copies available for free distribution from 135,000 to 150,000 and provision for paid subscriptions were also authorized.

Two mailing lists for Consumers' Guide are maintained. One is an official list, under the control of the office of Consumers' Counsel. The maximum number of names which may be included in this list is 150,000. Persons whose names are on the official list receive the publication without charge. This list is maintained primarily for individuals who are actively working on or studying consumer buying problems. This includes teachers, librarians, club leaders, labor and cooperative leaders, persons professionally engaged in assisting families with buying problems, social service workers, nutritionists, buyers for public institutions and hospitals, members of agricultural associations and land use planning committees, staffs of Federal, State, and local governments, and those who have some special interest in consumer welfare. In addition, copies are made available on request to periodicals and radio commentators and editors. Every effort is made to give the information in the publication the widest possible distribution. Only individuals who, through their official

duties or group activities, can make the information contained in the publication available to others, are accepted for official listing. Each year, persons on the official mailing list are asked to renew their requests for copies, in this way clearing the list of names of those to whom the publication is no longer of service.

The Superintendent of Documents, Government Printing Office, maintains a paid subscription list. Individual copies of Consumers' Guide, published subsequent to April 1940 cost 5 cents. The price of a year's subscription is 50 cents, domestic; 80 cents, foreign.

Circulation of the Consumers' Guide totalled 125,000 on July 1, 1939. This number increased to 142,000 by June 30, 1940.

Feature articles appearing in Consumers' Guide during the year covered many of the significant programs and research findings of the Department. "From Grass to Cattle" described the Agricultural Adjustment Administration's range program for western cattle growers; "Another Battle Against Waste and Want" reviewed the A. A. A. wheat program; "The South Looks to the Soil" recounted the efforts being made under the A. A. A. program to encourage the greater production of foods for home consumption by southern cotton growers; "The Nation's Extra Wheat Bin" explained the operation of the Ever Normal Granary; "Building Shelter and Larders for Wildlife," and a series of five articles, headed "Look to the Soil," described various aspects of the soil conservation program. Both the food and cotton stamp plans have been explained in a number of articles. Programs for encouraging greater milk consumption through subsidy schemes participated in by the Department of Agriculture were covered in articles on 5-cent milk in Boston, New Orleans, and Chicago. A sample hearing on a proposed change in a milk marketing order in which consumers as well as producers and distributors appeared explained how consumer testimony contributed to a better understanding of local milk problems. The "Physiology of a Great City," New York, dramatized the interdependence of city consumers and rural producers.

Specific buying information for consumers was given in many articles. Some of the commodities covered were: Apples, furniture, ice cream, lard, limes, margarine, meat, milk, pineapples, rugs, sugar.

Consumer grades and standards for many food products have been developed by the Department, and some of these were described in issues of Consumers' Guide appearing during the year. While standard containers for fresh fruits and vegetables moving in interstate commerce are required by law, no such standardization is required for canned food products. The resulting confusion to consumers who are forced to buy with the greatest economy was discussed in other articles. Nutrition information was presented in several pictorial series and in articles exploding food fallacies. Once a month, a report was made on changes in retail prices of foods and in supplies.

CONSUMER NOTES

To gain wider distribution of information prepared by the Division through the medium of other periodicals, a clipsheet service was started in April 1938. It has been published weekly without interruption since that time. This two-page mimeographed release is made available without charge to any newspaper, magazine, or radio

station. The great majority of subscribers, 275 out of 500, are rural, labor, and cooperative papers. Of this number, well over 100 use Consumer Notes regularly, and the others intermittently. Items carried are excerpts or digests of longer articles published in Consumers' Guide or other periodicals of the Department, and of information presented in the radio programs of the Consumers' Counsel Division.

CONSUMERS' MARKET SERVICE

Many buyers of food products purchase in quantity. Some of them are professionally trained for their buying jobs, and are able to analyze the highly technical trade and governmental reports on movements in food supplies and prices. Some are less skilled and practiced in such analysis or do not have the time to devote to a close scrutiny of technical data. For the latter, this Division prepares and releases on the first and fifteenth of each month a two-page mimeographed statement, in nontechnical form, of the changes in the general food supply situation throughout the country. This is called the Consumers' Market Service. Subscription is free.

At the close of the fiscal year there were about 4,500 subscribers to this service, most of whom were buyers for consumer clubs, cooperatives, hospitals and public institutions, and restaurants. In brief style, this bulletin carries to its readers news gathered by the comprehensive market-reporting service of the Department, and in such form that it can be easily and quickly understood and used.

OTHER INFORMATIONAL MATERIALS

Many teachers and students of consumer buying problems—and their number is growing each year—have appealed to the Division for references to materials for use in their class and club work. To assist them, a selected bibliography was prepared and published during the year, under the title, Materials for Consumer Education. A total of 10,000 copies had been supplied without charge to inquirers by the close of the year when a start was made on a revision for later publication. This bibliography includes references to courses of study, guides for group discussion, textbooks, playlets, and sources of information on consumer activities and information.

Supplementary reference lists were also published for inclusion in the Consumers' Bookshelf, a 100-page bibliography of free or low-cost bulletins on commodities, first published in 1937. This publication and also the Cooperative Bookshelf, which summarizes Government bulletins on consumer cooperatives, are available for 15 cents and 5 cents, respectively, from the Superintendent of Documents, Washington, D. C.

Various reprints of articles appearing in Consumers' Guide were made during the year to meet the demand from consumer groups for use in their study courses. A list of these appears in the appendix to this report.

RADIO

Radio provides one of the most direct methods of communicating information and ideas, and the Consumers' Counsel Division has made use of this medium through a weekly broadcast over the National Broadcasting Company's Red Network. Each week, for 15 minutes, consumer information reaches many thousands of listeners in every

State through the program, Consumer Time. This broadcast is prepared by the Division and presented at the request of, and in cooperation with, the General Federation of Women's Clubs.

Facts for Consumer Time are gathered from the various agencies in the Department and are presented in informal and conversational style. Each broadcast includes specific buying guides on two commodities or services, a discussion by the Consumers' Counsel of significant changes in the consumer market, and a short summary of the accomplishments of a consumer group working toward better buying conditions in some community.

Each week listeners are offered a free bulletin giving more extended information on some subject discussed on the program. These bulletins contain information from Government sources only. During the year, many thousands of requests for these publications were filled.

Subjects discussed on Consumer Time included: Government grades for meat; how to buy men's shirts; brooms; proper diets; deceptive containers; the food-stamp plan and school-lunch programs; facts about furniture, cheese, picnic foods, household insects.

Approximately 50 stations carried the program either continuously or intermittently. These stations were located in nearly every section of the country.

Consumer Time helps to achieve a closer working relationship between consumers and the Department of Agriculture and its services. As an example, a broadcast on the school lunch program of the Surplus Marketing Administration elicited inquiries for help in getting such a program started in nearly 150 different cities. To these listeners, the Division not only sent descriptive bulletins but also gave the name of the nearest office of the Surplus Marketing Administration to which these inquirers could appeal for further information. These local offices were also advised of the interest of our listeners so that they might get in direct touch with those who had written to us.

For the exact time of this program, listeners should refer to their nearest National Broadcasting Co. station carrying the Red Network programs. It is usually listed as "Federation of Women's Clubs," or as "Women's Clubs."

EXHIBITS

Series of posters, a great variety of photographs, and collections of printed materials were made available for exhibit purposes to consumer groups, schools, and social welfare agencies during the year. These related to the subject matter covered by the Division. Requests for such aids were received from large and small groups throughout the country. A few of them were: Conference of Adult Education Teachers, W. P. A., Washington, D. C.; Virginia Better Business Bureau Consumer Institute, Richmond, Va.; Kansas Conference on Consumer Education, Manhattan, Kans.; Institute on Consumer Buying, League of Women Voters, Chicago, Ill.; Kansas Federation of Business and Professional Women's Clubs, Wichita, Kans.; Michigan State Dietetics Association, Ann Arbor, Mich.; Conference on Consumer Education, Institute for Consumer Education, Columbia, Mo.; Nebraska Federation of Women's Clubs, Plattsmouth, Nebr.; League of Women Voters, Middlebury, Vt.; New England

Health Education Association, Cambridge, Mass.; Southeastern Regional Conference on Adult Education and Cooperation, Atlanta, Ga.

CORRESPONDENCE

Every mail brings the Consumers' Counsel Division a large and welcome indication of the swiftly growing interest among consumers in their individual and community interests as buyers of farm products. Inquiries, requiring special handling, were received from almost 40,000 persons. In addition, more than 100,000 requests were received for published materials. Three years ago the volume of this correspondence was about one-quarter as large.

Requests for counsel, direction, or data come from buying clubs, study groups, students, teachers, civic organizations, religious bodies, labor unions, commercial firms, and editors. A large number come also from individuals with personal or family buying problems. The greatest number have to do with problems of food selection, utilization, prices, grades and standards. The majority originate in city homes, and an increasing proportion of these are homes of wage earners. Considerable research is involved in handling the great variety of requests for specific commodity information.

Largely as a result of contacts originating through correspondence, the Division has been called upon to service many hundreds of consumer organizations with guides and directions in study programs. This service has been rendered not only to the National, State, and local officers of such organizations as the General Federation of Women's Clubs, the American Association of University Women, the American Home Economics Association, the American Federation of Labor, the Congress of Industrial Organizations, and the Cooperative League of the U. S. A., but also to officers of local groups. Assistance was given during the year to 429 such groups in cities and to 214 in rural areas.

LIBRARY

To facilitate the informational services of the Division, a consumer library has been developed under the trained direction of a member of the staff. This library, which is one of the most inclusive in the field of urban and rural consumer interests, includes 200 reference books, and over 22,000 pamphlets, bulletins, and clippings bearing on consumer buying problems. Card indexes and cross references have been prepared. A steadily growing number of students are availing themselves of these materials. Records in the Division indicate that courses in consumer education totalling over 2,000 are now being given in the schools and colleges of the country.

CONFERENCES

More than two score conferences of consumer organizations, teachers, and business groups were addressed during the year by the Director of the Division or a member of the staff. Speeches on the work of the Division, its relation to the farm programs, and on the problems of consumers of farm products were made before the National Education Association, San Francisco, Calif.; Farm and Home Week, Amherst, Mass.; Teachers' College, Columbia University, New York, N. Y.; Association of Food and Drug Officials of the United

States, Hartford, Conn.; Consumer-Business Relations Conference, Ohio State University, Columbus, Ohio; New York League of Women Voters, New York; Joint Meeting of the American Association of University Women, American Home Economics Association, and the General Federation of Women's Clubs, Washington, D. C.; Consumer Conference of Greater Cincinnati, Cincinnati, Ohio; League of Women Shoppers, New York City; American Association of Advertising Agencies, New York City; Consumer Education Conference, George Peabody College for Teachers, Nashville, Tenn.; Conference on Business Education, University of Chicago, Chicago, Ill.; and to others. Informal conferences were also held with leaders meeting at the Second National Conference, Institute for Consumer Education, Stephens College, Columbia, Mo.; Southeastern Conference on Adult Education and Cooperation, Atlanta, Ga.; annual meeting of the Associated Women of the American Farm Bureau Federation, Chicago, Ill.

RESEARCH AND PUBLICATIONS

Apart from the routine task of performing statistical services for use in the advisory and informational activities of Consumers' Counsel, a variety of research projects was carried forward during the year. The Federal W. P. A. project heretofore known as the Consumer Standards Project, providing work for 100 clerical and statistical employees, was employed on an eight-point program of research as follows:

1. Survey of Federal, State, municipal, and trade standards for consumer goods.

State statutory standards, and grades and labeling requirements, were assembled and schematically arranged on charts, separately for 15 commodities, including both food and nonfood. In addition, pertinent material was extracted from the ordinances of 120 cities.

2. Survey of consumer goods standards established in foreign countries by governments, standardizing bodies, and trade associations.

Rules and regulations, and standards, governing the sale of various foods in Denmark, Russia, Norway, and France were collated. Standards of the Argentine Institute for the Rationalization of Materials were studied and a preliminary report prepared thereon.

3. Indexing the files of the Consumers' Advisory Board of the National Recovery Administration and the Consumers' Division of the National Emergency Council.

The work of organizing and classifying the files of these organizations, started in the previous year, was completed. A preliminary digest of this activity was prepared under the title of "Index to Files of the Consumers' Advisory Board of the National Recovery Administration." A short report describing the files of the National Emergency Council was also completed, due consideration being given to general problems of organization and administration of the local consumers' councils, established by the National Emergency Council, as well as material on personnel, publications, and correspondence of the former Consumers' Division of the Council.

4. Preparation of report on official requirements for labels on consumer goods.

The State legal requirements for each of 20 consumer commodities were subjected to analysis. In addition, chart summaries of State labeling requirements for food, drugs, and cosmetics were made.

5. Abstracting and summarizing references pertaining to standards, specifications, and test methods for selected consumer commodities.

During the year specifications and test methods, relating to a number of different consumer goods, were collated and summarized. Assistance was given various committees on consumer goods, including those of the American Standards Association and the National Consumer-Retailer Council.

6. A survey of terms used in designating qualities of consumer goods.

Designations of grades for food products, textiles and leather, manufactured products, grain, hay, straw, rosin, and tobacco, as promulgated by Federal agencies, were brought together in chart form. In addition, the quality designations, or grade names, stated in the regulations of several States and more than 20 cities, were assembled for milk and milk products.

7. Survey of cooperative purchasing organizations.

A preliminary analysis of the sales activities of 54 consumer cooperatives was prepared, based upon materials furnished by the Consumer Distribution Corporation, a nonprofit organization aiding in the development of consumer cooperatives.

8. Consumer education survey.

Data acquired in this survey, which was made in cooperation with the United States Office of Education, were tabulated. On the basis of survey results, the character of consumer education in 518 secondary schools and 149 colleges and universities in the United States, and methods and materials used in connection with adult education programs by 12 State and national organizations, were subjected to preliminary analysis.

Assistance was given to the Bureau of Home Economics in tabulating and analyzing data bearing on the content and nutritional adequacy of the diets of a representative group of more than 50 families receiving relief in a selected area in the District of Columbia. Further assistance was extended the Bureau of Home Economics in the statistical work necessary for comparing the content and nutritional adequacy of the diets of 1,225 families in Dayton, Ohio, participating in the food stamp plan, with that of 336 nonparticipating families of similar income, money expenditures for food, and number of persons.

To determine the character of expenditures for particular items of living in relation to family income, data were transcribed from 74 farm account books of farm families, clients of the Farm Security Administration. The tabulations covered money expenditures for food, clothing, recreation, medical care, etc., by family income.

Additional tabulations were made of the money expenditures for and purchases (quantities) of butter, margarine, lard, vegetable shortening, table and cooking oils, meat (excluding bacon and salt pork), bacon and salt pork by selected families at different levels of income in each of four cities: Boston, Detroit, Birmingham, and Los Angeles. This activity, begun in the preceding year, was based on statistical material acquired by the United States Bureau of Labor Statistics in the "Study of Money Disbursements of Wage Earners and Clerical Workers."

As in the preceding year, certain technical information was from time to time supplied the Sugar Division for use in the determination of sugar quotas under the consumer-protection provisions of the Sugar Act of 1937.

Testimony on problems of the consumer presented to the Temporary National Economic Committee at hearings conducted by the Consumers' Counsel in May 1939, was published by the Government Printing Office during the year as part 8 of the committee's hearings in its investigation of concentration of economic power.

A survey of government and nongovernment activities in the field of standardization and testing of commodities as related to consumer goods was carried out during the year by the Consumers' Counsel Division for the Temporary National Economic Committee. The resulting report, which brings together for the first time a comprehensive description and analysis of Federal Government activities in these fields, has been furnished to the committee and is being prepared for publication. The report also summarizes trade activities bearing upon standards for consumer goods, the use of standards and specifications in Federal, State, and local government purchases, and contains a discussion of the actual and potential application of such scientific procedures to merchandising of consumer goods.

Another report in the field of consumer standards was prepared and published during the year under the title, "A Study of Informative Labeling." It is the work of the Consumer Standards Project based upon a survey made by the National Consumer Retailer Council and is published jointly by the Consumers' Counsel Division and the Works Progress Administration. It sets forth in detail the character of information which, in the opinion of representative consumers, retailers, and manufacturers, should be shown on the labels for 12 selected articles of merchandise. The first of its kind ever published, the report was favorably received by the foregoing groups and the trade press and a second edition was necessary.

A Chart Analysis of the Federal Food, Drug, and Cosmetic Act was issued by the Consumer Standards Project. In the form of a large wall chart, the provisions of the act are schematically presented in a manner to facilitate ready reference to the details relating to food, drugs and devices, and cosmetics. Numerous requests for this chart have been received from consumers, manufacturers, and from many State and other governmental agencies, and educational groups.

A compilation of State laws and jurisdictional decisions on bedding and upholstery was completed during the year and is in press. This also was the work of the Consumer Standards Project.

MILK

The year under review is noteworthy for consumers to whom prices charged for fluid milk are a matter of concern. Prices for milk delivered to homes appear to have ended the year at a somewhat higher average level than in July 1939. The increase in reported prices took place in spite of record production during the flush season at the end of the fiscal year. There is reason to believe, however, that the actual average cost of milk to consumers in an increasing number of markets was being reduced through the institution of various new methods of handling and pricing this commodity. Two-quart and four-quart containers, both glass and paper, are being more widely used. Discounts for purchases of multiple quarts on a single delivery appear to be spreading. The margin between home-delivered and store prices appears to be increasing, except in markets where such

prices are controlled by State laws. A survey of the extent of such special pricing practices in some 200 cities is being conducted by the Consumers' Counsel office.

Equally encouraging is the fact that results achieved during the year by consumer groups in a number of the larger cities where Federal milk regulation was in effect give rather convincing evidence of the possibility of securing further benefits through the action of consumer organizations. Study of the milk-marketing process by consumers has resulted in effective participation in programs of governmental regulation and in the revision of marketing practices.

Throughout its existence, the Consumers' Counsel office has encouraged and assisted participation of consumers in the regulatory process. The Secretary of Agriculture has urged the need of such participation as an aid to regulation and as a contribution to economic democracy. Consumers have been faced, however, with the very great complexity of fluid milk marketing in every large city. They have been handicapped, and still are, by the fact that all other parties concerned with these problems are more effectively represented, since they have a major financial interest which justifies expenditure by them of sufficient time and money for that purpose. Virtually all of the consumer participation in the process has been, and still is, the work of volunteers who receive no compensation for their efforts. It is only fair to state also that the various governmental agencies which participate in one way or another in the marketing of fluid milk are able to, and do, give more detailed attention to the problems of those who have a major pecuniary stake in the production and distribution of milk. So far as is known, Consumers' Counsel Division is the only governmental agency which attempts to furnish specific technical aids to consumer representatives on the subject of milk, and it can provide only one staff member to perform this service for the 27 markets in which Federal regulation is in effect.

In view of these handicaps, it is noteworthy that definite accomplishments can be recorded for milk consumer representatives during the fiscal year under review. In Boston, New York, District of Columbia, Cincinnati, and St. Louis participation of these representatives in Federal hearings was distinctly competent. At hearings in 1939 in New York City the Milk Consumers' Protective Committee's testimony presented a comprehensive analysis of the marketing problems affecting both producers and consumers of that area. In urging that the emphasis placed upon the price of fluid milk as such be modified in favor of a broader view, this testimony anticipated consideration which has been given in recent hearings to other aspects of that milk market. An amendment proposed by the same committee early in 1940 resulted in an expansion of the information service provided by the Administrator of the market which has proved of value to consumers and other interested parties.

Consumer representatives participating in District of Columbia hearings in 1939 submitted testimony in support of a special price which made possible the inauguration of a program of subsidized distribution to relief families at 5 cents per quart. Consumer representatives in Chicago and St. Louis have likewise worked vigorously for the development of relief milk programs. Consumer organizations in Boston, actively concerned for some time with the problems

created for consumers by State regulation of resale prices, gave effective support to the continuation of the relief milk program when for a time it was put in jeopardy by the exercise of such regulatory power.

Official promulgation by New York City health authorities of a single grade of market milk, replacing official standards for a grade A and grade B milk, was viewed by several consumer organizations as the fruition of a program which they had long urged. The Milk Consumers Committee of the District of Columbia presented to the Temporary National Economic Committee, at the request of the interdepartmental committee on trade barriers, testimony on the trade-barrier effect of sanitary regulations for milk and milk products in their market.

Most striking of the steps taken by organized milk consumers during the year was the negotiation by two groups in the District of Columbia marketing area of collective bargaining agreements for the purchase of milk delivered to homes. In each case the consumers' committee speaks for several hundred families in soliciting bids from competing dealers. The resulting price is 2 and 3 cents a quart cheaper than prices before available to them on delivered milk of like quality. Continuation of market developments and effective consumer activity as witnessed in this year should eventually have significant effect toward increasing the consumption of fluid milk.